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INTERSTATE COMMERCE COMMISSION

File Second

April 29, 1985

*NOT ADMITTED IN NEW YORK

Mr. James H. Bayne
Secretary
Interstate Commerce Commission
Washington, D.C.

Dear Mr. Bayne:

I have enclosed eight (8) originals of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

New Rev. This document is a Security Agreement, a primary document, dated as of April 1, 1985.

Please cross-index this Security Agreement under Recordation No. 14636.

The names and addresses of the parties to this document are as follows:

Debtor: Security Pacific Financial Leasing, Inc.
Four Embarcadero Center, Suite 1200
San Francisco, California 94111

Secured Party: Security Benefit Trust Company,
not in its individual capacity but
solely as Agent
700 Harrison Street
Topeka, Kansas 66636

Amended by H. Harrison

APR 30 11 13 AM '85
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follows: A description of the equipment covered by the document

Two hundred (200) 100-ton 5820 cubic foot capacity covered hopper cars bearing Pullman Leasing Company road numbers PLWX 44558 - 44757, inclusive

and

Sixteen (16) 20,514 gallon DOT111A100W3 exterior coiled and insulated railroad tank cars, bearing Pullman Leasing Company road numbers PLWX 220354 - 220369, inclusive.

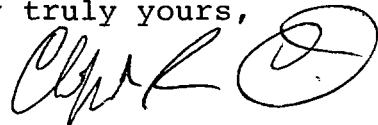
follows: A short summary of the document to appear in the index

Covers 200 covered hopper cars - PLWX 44558 - 44757, and 16 tank cars - PLWX 220354 - 220369.

A total fee of \$20 is enclosed, \$10 of which is to cover the filing fee for this document and \$10 to cover the cross-indexing under Recordation No. 14636.

Please return to bearer the stamped counterparts not needed by the Commission for its files.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'Clifford R. Ennico', followed by a large, stylized circular flourish or 'Q' mark.

Clifford R. Ennico, Esq.

14637

REGISTRATION NO. Filed 1428

APR 30 1985 -11 20 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

Dated as of April 1, 1985

From

SECURITY PACIFIC FINANCIAL LEASING, INC.

DEBTOR

To

SECURITY BENEFIT TRUST COMPANY,
as Agent

SECURED PARTY

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SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated as of April 1, 1985 (the "Security Agreement") is from SECURITY PACIFIC FINANCIAL LEASING, INC., a Delaware corporation (the "Debtor"), Debtor's address being Four Embarcadero Center, Suite 1200, San Francisco, California 94111, SECURITY BENEFIT TRUST COMPANY, a Kansas corporation acting not in its individual capacity but solely as agent (the "Secured Party"), under an Agency Agreement, dated as of the date hereof (the "Agency Agreement"), among the Secured Party, the Debtor and Security Benefit Life Insurance Company, in its individual capacity, The First Pyramid Life Insurance Company of America and Liberty Life Insurance Company (collectively, the "Lenders"), Secured Party's address being 700 Harrison Street, Topeka, Kansas 66636.

R E C I T A L S:

A. The Debtor has entered into a Participation Agreement dated as of the date hereof (the "Participation Agreement") with the Lenders and Signal Capital Corporation, acting through its Pullman Leasing Company division, a Delaware corporation, (the "Lessee") providing for the commitment of the Lenders to purchase on the Closing Dates therein provided not later than June 30, 1985, the 13.12% Secured Notes, Series A, B and C (the "Notes") of the Debtor in an aggregate principal amount not to exceed \$7,162,316.37. Each Note is to be dated a Closing Date, to bear interest from such date at the rate of 13.12% per annum (computed on the basis of a 360-day year of twelve 30-day months except as expressly set forth in such Note), prior to maturity, to be payable as follows: a payment of interest only on June 30, 1985, followed by forty (40) consecutive semiannual installments, including both principal and interest, payable in accordance with the amortization schedule set forth as Schedule I to each such Note, with the first such installment to be paid on December 30, 1985, and the balance of such installments to be paid on the thirtieth day of each June and December thereafter, to and including June 30, 2005, provided that in any event, and notwithstanding the amortization schedule set forth as Schedule I to each such Note, such final payment made on the Notes shall be in an amount sufficient to discharge the accrued interest on, premium, if any, and unpaid principal amount of, the Notes; and to be otherwise substantially in the form attached to the Participation Agreement as Exhibit A, B or C, as appropriate. The liability of the Debtor with respect to the Notes, this Security Agreement and the Participation Agreement is limited as provided in Section 6 of the Participation Agreement.

B. The Notes and all principal thereof, premium, if any, and interest thereon and all additional amounts and other

sums at any time due and owing from or required to be paid by the Debtor to the Secured Party under the terms of the Notes, this Security Agreement or the Participation Agreement are hereinafter sometimes referred to as "indebtedness hereby secured".

C. All of the requirements of law relating to the transactions contemplated hereby have been fully complied with and all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument for the security of the Notes have been done and performed.

D. The capitalized or quoted terms used herein and not defined shall have the respective meanings set forth in Section 1.1 of the Participation Agreement.

SECTION 1. GRANT OF SECURITY INTEREST.

In consideration of the mutual promises, covenants and representations of the parties hereto and of the receipt of other good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, and in order to secure the payment of the principal of, premium, if any, and interest on the Notes according to their tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all of the Debtor's covenants and conditions in the Notes, in this Security Agreement and in the Participation Agreement contained, running in favor of the Secured Party, the Debtor does hereby convey, warrant, mortgage, assign, pledge and grant to the Secured Party, its successors and assigns, a security interest in all and singular of the Debtor's right, title and interest in and to the properties, rights, interests and privileges described in Sections 1.1 and 1.2 hereof, subject always to those limitations set forth in Section 1.3 hereof and to Excepted Rights in Collateral as defined in Section 1.5 hereof (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral").

1.1. Equipment Collateral. Collateral includes the equipment described in Schedule 1 attached hereto and made a part hereof (collectively the "Equipment" and individually an "Item" or "Item of Equipment") constituting the Equipment leased and delivered under that certain Master Equipment Lease dated as of April 1, 1985, and as amended from time to time (the "Lease") between the Debtor, as lessor, and the Lessee, as lessee; together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment hereinabove described, whether now owned or hereafter acquired, except such thereof as remain the property of the Lessee under the Lease, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Equipment, except such thereof as remain the property of the Lessee under the Lease, together with all the rents, issues, income, profits, proceeds and avails therefrom.

1.2. Rental Collateral. Collateral also includes all right, title, interest, claims and demands of the Debtor as lessor in, to and under the Lease, including all extensions of the term of the Lease, together with all rights, powers, privileges, options and other benefits of the Debtor as lessor under the Lease, including, without limitation:

(1) the immediate and continuing right to receive and collect all Rent, payments of Casualty Value and Termination Value, if any, insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable or receivable by the Lessor under the Lease pursuant

thereto, except those sums reserved as Excepted Rights in Collateral under Section 1.5 hereof;

(2) the right to make all waivers and agreements and to enter into any amendments relating to the Lease or any provision thereof, except with regard to the right of the Debtor to receive those sums reserved as Excepted Rights in Collateral under Section 1.5 hereof; and

(3) subject to Section 6 of the Participation Agreement, the right to take such action upon the occurrence of an Event of Default under the Lease or an event which, with the lapse of time or the giving of notice, or both, would constitute an Event of Default under the Lease, including the commencement, conduct and consummation of such legal, administrative or other proceedings, as shall be permitted by the Lease or by law or equity, and to do any and all other things whatsoever which the Debtor or any lessor is or may be entitled to do under the Lease;

it being the intent and purpose hereof that the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Secured Party shall have the right to collect and receive all Rent and payments of Casualty Value and Termination Value, if any, and other sums for application in accordance with the provisions of Section 4 hereof at all times during the period from and after the date of this Security Agreement until the indebtedness hereby secured has been fully paid and discharged in accordance with its terms.

1.3. Limitations to Security Interest. The security interest granted by this Section 1 is subject to (a) the right, title and interest of the Lessee in and to the Equipment under the Lease so long as no Event of Default under the Lease, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default shall have occurred and be continuing, and the Secured Party shall have continued to receive all Rent and other sums payable pursuant to the Lease, (b) the lien of current taxes and assessments not in default (but only if such taxes are entitled to priority as a matter of law), or, if delinquent, the validity of which is being contested in good faith, and (c) liens and charges permitted by Section 21 of the Lease (collectively, "Permitted Encumbrances").

1.4. Duration of Security Interest. The Secured Party, its successors and assigns shall have and hold the Collateral forever; provided, that such security interest is granted upon the express condition that if the Debtor shall pay or cause to be paid all the indebtedness hereby secured pertaining to the Debtor and shall perform all covenants and agreements

of the Debtor herein and in the Participation Agreement and in the Notes contained, then these presents and the estate hereby granted and conveyed shall cease and this Security Agreement shall terminate; otherwise to remain in full force and effect.

1.5. Excepted Rights in Collateral. There are expressly excepted and reserved from the security interest and operation of this Security Agreement the following described properties, rights, interests and privileges (hereinafter and hereinbefore sometimes referred to collectively as the "Excepted Rights in Collateral") and nothing herein or in any other agreement contained shall constitute an assignment of said Excepted Rights in Collateral to the Secured Party:

(a) all payments of any indemnity under Sections 20 and 22 of the Lease, which by the terms thereof are payable to the Debtor for its own account;

(b) all rights of the Debtor under the Lease to demand, collect, sue for or otherwise obtain all amounts from the Lessee due the Debtor on account of any such indemnities or payments pursuant to Sections 20 and 22 of the Lease, which by the terms thereof are enforceable by the Debtor for its own account; and

(c) any insurance proceeds payable under the general public liability policies required to be maintained by the Lessee pursuant to Section 14 of the Lease which by the terms of such policies or the terms of the Lease are payable directly to the Debtor for its own account.

SECTION 2. COVENANTS AND WARRANTIES OF THE DEBTOR.

The Debtor represents, covenants, warrants and agrees as follows:

2.1. Debtor's Duties. The Debtor covenants and agrees to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements of the Debtor set forth in the Participation Agreement and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Participation Agreement were fully set out in an amendment or supplement to this Security Agreement. The Debtor undertakes to perform only such duties as are expressly and specifically set forth for the Debtor herein and in the other Operative Agreements and no implied obligations or covenants shall be read into this

Security Agreement or any other Operative Agreement against the Debtor.

2.2. Representation with Respect to Title. The Debtor has the right, power and authority to grant a security interest in the Collateral to the Secured Party for the uses and purposes herein set forth; and the Debtor will defend the title to the Collateral against all claims and demands of persons claiming by, through or under the Debtor, excepting only this Security Agreement and Permitted Encumbrances. The Debtor also agrees that it will, at its own cost and expense promptly take such action as may be necessary to duly discharge any liens and encumbrances on the Collateral which result from claims against the Debtor not related to the ownership of the Equipment or any transactions pursuant to the Operative Agreements. Without limiting the generality of the foregoing, there is no financing statement or other filed or recorded instrument in which the Debtor is named and which the Debtor has signed, as debtor or mortgagor, now on file in any public office covering any of the Collateral, excepting the financing statements or other instruments filed or to be filed in respect of and for the security interest provided for herein.

2.3. Further Assurances. The Debtor will, at no expense to the Secured Party, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired.

2.4. After-Acquired Property. Any and all property described or referred to in Section 1 hereof which is hereafter acquired shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtor or the Secured Party, become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 2.4 contained shall be deemed to modify or change the obligation of the Debtor under Section 2.3 hereof.

2.5. Recordation and Filing. The Debtor agrees that this Security Agreement and all supplements or amendments hereto, the Lease and all supplements or amendments thereto, and all financing and continuation statements and similar notices required by the Secured Party, shall be at all time kept, recorded, deposited and filed at no expense to the Secured Party in such manner and in such place as the Secured Party may reasonably request or as may be required by law in order to fully preserve and protect the rights of the Secured Party hereunder.

2.6. Modifications of the Lease. The Debtor will not:

(a) declare a default or exercise the remedies of the lessor under, or terminate, modify or accept a surrender of, or offer or agree to any termination, modification or surrender of, the Lease (except as otherwise expressly provided herein) or consent to the creation or existence of any security interest or other lien to secure the payment of indebtedness upon the leasehold estate created by the Lease or any part thereof;

(b) except in respect of Excepted Rights in Collateral, receive or collect any Rent under the Lease prior to the date for payment thereof provided for by the Lease or assign, transfer or hypothecate (other than to the Secured Party hereunder) any Rent payment then due or to accrue in the future under the Lease in respect of the Equipment; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Secured Party hereunder) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment.

2.7. Power of Attorney. The Debtor does hereby irrevocably constitute and appoint the Secured Party its true and lawful attorney with full power of substitution, for it and in its name, place and stead, to ask, demand, collect, receive, sue for, compound and give acquittance for, any and all Rent, income and other sums which are assigned under Sections 1.1 and 1.2 hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such Rent and other sums and the security intended to be afforded hereby; provided, that so long as no Event of Default under the Lease shall have occurred and be continuing and so long as the Cure Period defined in Section 5.3 hereof shall not have expired, no settlements, adjustments or compromise of any claim and no modification of any provision of the Lease or amendment to the Lease, shall be made by the Secured Party without the consent of the Debtor.

2.8. Notice of Default. The Debtor further covenants and agrees that it will give the Secured Party prompt written notice of any event or condition constituting an Event of Default under the Lease if a responsible officer of the Debtor has actual

knowledge of such event or condition. For purposes of this Section 2.8. a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Debtor in this Security Agreement contained, any corporate officer of the Debtor who, in the normal performance of his operational responsibilities, would have knowledge of such event or condition and the requirements of this Security Agreement with respect thereto.

2.9. Other Encumbrances. The Debtor will not, directly or indirectly, incur, create, assume or permit to exist any mortgage, pledge, lien, security interest or other encumbrance of any nature whatsoever on any Item of Equipment, except for Permitted Encumbrances, unless the Secured Party shall have consented thereto in writing.

SECTION 3. POSSESSION, USE AND RELEASE OF PROPERTY.

3.1. Possession of Collateral. So long as no Event of Default as defined in Section 5 hereof has occurred and is continuing, the Debtor shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto, provided, that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Security Agreement. It is expressly understood that the use and possession of the Equipment by the Lessee under and subject to the Lease shall not constitute a violation of this Section 3.1.

3.2. Release of Property. So long as no Event of Default under the Lease has occurred and is continuing, the Secured Party shall execute a release in respect of any Item of Equipment designated by the Lessee for settlement pursuant to Section 13 of the Lease upon receipt from the Lessee of written notice designating the Item of Equipment in respect of which the Lease will terminate and the receipt from the Lessee of all sums payable for such Item of Equipment in compliance with Section 13 of the Lease.

3.3. Protection of Purchaser. No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Secured Party to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser, in good faith, of any portion of the Collateral be under obligation to ascertain or inquire into the conditions upon which any such sale is hereby authorized.

SECTION 4. APPLICATION OF ASSIGNED RENTALS AND CERTAIN OTHER MONEYS RECEIVED BY THE SECURED PARTY.

4.1. Application of Rents and Other Payments. As more fully set forth in Section 1.2 hereof, the Debtor has hereby granted to the Secured Party a security interest in Rent, issues, profits, income and other sums due and to become due under the Lease in respect of the Equipment as security for the Notes (except with respect to Excepted Rights in Collateral). So long as no Event of Default as defined in Section 5 hereof has occurred and is continuing:

(a) the amounts from time to time received by the Secured Party which constitute payment by the Lessee under the Lease of the installments of Rent shall be applied first, to the payment of the installments of principal of, premium, if any, and interest (and in each case first to interest and premium, if any, and then to principal) on the Notes which have matured or will mature on or before the due date of the installments of Rent which are received by the Secured Party, and then the balance, if any, of such amounts shall be paid promptly to or upon the order of the Debtor;

(b) the amounts from time to time received by the Secured Party which constitute settlement by the Lessee of the Casualty Value for any Item of Equipment (the "Section 13 Item") pursuant to Section 13 of the Lease, or the Termination Value for any Item of Equipment (the "Section 16 Item") pursuant to Section 16 of the Lease, shall be applied promptly by the Secured Party as follows:

(i) First, to the payment of an amount equal to the accrued and unpaid interest on that portion of any Note to be prepaid pursuant to the following subparagraph;

(ii) Second, an amount equal to the Loan Value (as hereinafter defined) of each such Section 13 Item or Section 16 Item shall be applied to the prepayment, without premium, of each Note secured by such Section 13 Item or Section 16 Item (a "Designated Note") so that each of the remaining installments of such Designated Note shall be reduced in the proportion that the aggregate principal amount of such prepayment bears to the aggregate unpaid principal amount of all Designated Notes then outstanding immediately prior to such prepayment; and

(iii) Third, the balance, if any, of such amounts held by the Secured Party after making the applications provided for by the preceding subparagraphs (i) and (ii) shall be released to or upon the order of the Debtor promptly following payment of the amounts provided in the preceding clauses (i) and (ii).

For purposes of this Section 4.1(b), the "Loan Value" in respect of any Section 13 Item or Section 16 Item shall be an amount equal to the product of (A) a fraction, the numerator of which is an amount equal to the Total Invoice Cost of such Section 13 Item or Section 16 Item and the denominator of which is the aggregate Total Invoice Cost of all Items of Equipment in respect of which the Notes issued in respect of such Section 13 Item or Section 16 Item were issued (including the Total Invoice Cost of such Section 13 Item or Section 16 Item), times (B) the unpaid aggregate principal amount of the Notes immediately prior to the prepayment provided for in this Section 4.1(b) (after giving effect to all payments of installments of principal made or to be made on the date of prepayment provided for in this Section 4.1(b));

(c) Amounts to be paid to the Debtor pursuant to this Section 4.1 shall be paid forthwith in immediately available funds by the Secured Party at the office of the Debtor at the address set forth in Section 5 of the Agency Agreement.

4.2. Multiple Notes. If more than one Note (in the case of a payment pursuant to Section 4.1(a) hereof) or Designated Note (in the case of a payment pursuant to Section 4.1(b) hereof) is outstanding at the time any such application is made, such application shall be made on all outstanding Notes or Designated Notes, as the case may be, ratably in accordance with the aggregate principal amount remaining unpaid thereon.

4.3. Default. If an Event of Default referred to in Section 5 hereof has occurred and is continuing, all amounts received by the Secured Party pursuant to Section 1.2 hereof shall be applied in the manner provided for in Section 5 in respect of proceeds and avails of the Collateral.

SECTION 5. DEFAULTS AND OTHER PROVISIONS.

5.1. Events of Default. The term "Event of Default" for all purposes of this Security Agreement shall mean one or more of the following:

(a) Default in payment of an installment of the principal of, premium, if any, or interest on, any Note, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise, and the continuance of such default for a period of six (6) days;

(b) Subject to Section 5.3 hereof, an Event of Default under the Lease, except in respect of a default in payment or performance with regard to any Excepted Rights in Collateral (unless an aggregate amount of \$1,000,000 of payments due to the Debtor in regard to Excepted Rights in Collateral remains overdue for more than 60 days), shall have occurred and be continuing under the Lease;

(c) Default on the part of the Debtor in the due observance or performance of any covenant or agreement (other than pursuant to subsection (a) or (b) hereof) to be observed or performed by the Debtor under this Security Agreement or the Participation Agreement, which default shall continue unremedied for ten days after written notice from the Secured Party to the Debtor specifying the default and demanding the same to be remedied;

(d) Any representation or warranty on the part of the Debtor made herein, or in the Participation Agreement or in any report, certificate, financial or other statement furnished in connection with this Security Agreement, the Lease, or the Participation Agreement, or the transactions contemplated herein or therein, shall prove to have been false or misleading in any material respect when made;

(e) Any claim, lien or charge (other than Permitted Encumbrances) shall be asserted against or levied or imposed upon the Equipment which is prior to or on a parity with the security interest granted hereunder, and such claim, lien or charge shall not be discharged or removed within 60 calendar days after written notice from the Secured Party to the Debtor and the Lessee demanding the discharge or removal thereof;

(f) The Debtor shall (1) be generally not paying its debts as they become due, (2) file, or consent to the filing against it of a petition for relief under any bankruptcy or insolvency laws, (3) make an assignment for the benefit of creditors, (4) consent to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator, or

other official with similar powers over the Debtor or a substantial part of its property, or (5) take corporate action for the purpose of any of the foregoing; or

(g) A court having jurisdiction over the Debtor or its property shall enter a decree or order in respect of the Debtor or such property in an involuntary case under any bankruptcy or insolvency law, or shall appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator, or other official with similar powers over the Debtor or any such property, or shall order the winding-up or liquidation of the affairs of the Debtor, and such order or decree shall continue in effect for a period of 60 consecutive days.

Notwithstanding any other provision of this Security Agreement to the contrary, any Event of Default described in this Section 5.1 shall be deemed to constitute an Event of Default under all Notes outstanding on the date of occurrence of such Event of Default, and the Secured Party may exercise the rights and remedies described in Section 5.2 hereof against the Debtor or the Lessee or any and all Collateral securing any and all Notes, subject to Sections 1.3, 3.1, and 5.3 hereof and Section 6 of the Participation Agreement, without any obligation to proceed first against the Debtor or the Lessee or against any other Collateral.

5.2. Secured Party's Rights. The Debtor agrees that when any Event of Default as defined in Section 5.1 has occurred and is continuing, but subject to Section 5.3 hereof and Section 6 of the Participation Agreement, the Secured Party shall have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the Uniform Commercial Code of the State of New York (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and without limiting the foregoing, the Secured Party may exercise any one or more or all, and in any order, of the remedies herein-after set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute.

(a) The Secured Party may by notice in writing to the Debtor declare the entire unpaid balance of the Notes to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable;

(b) Subject to the rights of the Lessee under the Lease, provided no Event of Default thereunder has occurred and is continuing, the Secured Party shall have the right subject to compliance with any applicable mandatory legal

requirements to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same until sold;

(c) Subject to the rights of the Lessee under the Lease, provided no Event of Default thereunder has occurred and is continuing and the Secured Party continues to receive all Rent and other sums payable pursuant to the Lease, the Secured Party may, if at the time such action may be lawful and subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor and the Lessee once at least ten (10) days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of the Collateral, or any part thereof, at public auction to the highest bidder or, unless prohibited under applicable law, at private sale, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to; provided that any such sale shall be held in a commercially reasonable manner. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Secured Party or the Debtor may bid and become the purchaser at any such sale;

(d) Subject to the rights of the Lessee under the Lease, provided no Event of Default thereunder has occurred and is continuing, the Secured Party may proceed to protect and enforce its rights under this Security Agreement, the Participation Agreement and the Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, or subject to the provisions of Section 6 of the Participation Agreement, for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law; and

(e) Subject to the rights of the Lessee under the Lease, provided no Event of Default thereunder has occurred and is continuing, the Secured Party may proceed to exercise all rights, privileges and remedies of the Debtor under the Lease, and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

5.3. Certain Rights of the Debtor on the Occurrence of an Event of Default Under the Lease. Except as hereinafter provided, if an Event of Default under the Lease and any default or Event of Default hereunder arising therefrom shall have occurred and be continuing (including, without limitation, any resulting default or Event of Default under Section 5.1(a) hereof), the Secured Party shall give the Debtor not less than ten (10) business days' prior written notice of the date (the "Enforcement Date") on which the Secured Party will exercise any remedy or remedies pursuant to Section 5.2 hereof (the period commencing on the date of occurrence of such Event of Default and terminating on such Enforcement Date being hereinafter and hereinbefore referred to as the "Cure Period"). If an Event of Default under the Lease shall have occurred and be continuing, the Debtor shall have the following rights hereunder:

(a) In the event of the occurrence of an Event of Default under the Lease arising under Section 23(a) thereof and any default or Event of Default hereunder arising therefrom, the Debtor may, prior to the Enforcement Date, pay to the Secured Party an amount equal to any principal, premium, if any, and interest (including interest, if any, on overdue payments of principal, premium, if any, and interest, to the extent permitted by applicable law) then due and payable on the Notes, which payment shall, for all purposes of this Security Agreement, be deemed to have cured such default or Event of Default; provided, that the Debtor may not exercise such right in respect of more than two (2) consecutive defaults in the payment of Rent under the Lease or in any event more than a total of four (4) times throughout the term of the Lease.

(b) Except as hereinafter in this Section 5.3(b) provided, the Debtor shall not, by exercising the right to cure any such default or Event of Default, obtain any lien, charge or encumbrance of any kind on any of the Collateral for or on account of costs or expenses incurred in connection with the exercise of such right nor shall any claims of the Debtor against the Lessee or any other party for the repayment of such costs or expenses impair the prior right and security interest of the Secured Party in and to the Collateral. In the event the Debtor pays in full the amount of principal, premium, if any, and interest then due and payable of or on the Notes pursuant to Section 5.3(a) hereof, the Debtor shall be subrogated to the rights of the

Secured Party in respect of the Rent under the Lease which was overdue at the time of such payment and interest payable by the Lessee on account of its being overdue, and therefore, if no other default or Event of Default hereunder shall have occurred and be continuing and if all principal, premium, if any, and interest payments due of or on the Notes have been paid at the time of receipt by the Secured Party of such Rent under the Lease, the Debtor shall be entitled to receive such Rent and such interest upon receipt thereof by the Secured Party; provided that (i) in the event the principal of, premium, if any and interest on the Notes shall have become due and payable pursuant to Section 5.2(a) hereof, such subrogation shall, until principal of, premium, if any and interest on all Notes shall have been paid in full, be subordinate to the rights of the Secured Party in respect of such payment of Rent and such interest on such overdue Rent prior to receipt by the Debtor of any amount pursuant to such subrogation, and (ii) the Debtor shall not be entitled to seek to recover any such payment (or any payment in lieu thereof) except pursuant to the foregoing right of subrogation.

(c) Whether or not the Debtor shall then have the right to cure an Event of Default under the Lease pursuant to Section 5.3(a) above, if an Event of Default shall have occurred and be continuing and the unpaid balance of the Notes shall have been declared due and payable pursuant to Section 5.2(a) hereof, before the sale or taking of the Equipment in accordance with the provisions of Section 5.2 hereof, the Debtor may at its option prepay the Notes, without premium or penalty, by payment of the entire unpaid principal amount thereof and all other indebtedness hereby secured, together with accrued interest thereon, including interest on overdue amounts, to the date of prepayment. In the event of such a prepayment of the Notes, the Secured Party shall forthwith transfer all of its right, title and interest in and to the Collateral under this Security Agreement to the Debtor and the Debtor shall assume all such right, title and interest.

5.4. Acceleration Clause. In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Notes, if not previously due, and the premium if any and interest accrued thereon and all other indebtedness hereby secured, shall at once become and be immediately due and payable; also in the case of any such sale, any purchaser, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use, as a credit on the purchase price, an amount of the Notes (including all claims for interest matured and unpaid thereon) owned by such purchaser equal to the

pro rata portion of the net proceeds of such sale to which such purchaser is entitled on account of all Notes owned by such purchaser.

5.5. Waiver by Debtor. To the extent permitted by applicable law, the Debtor covenants that upon the enforcement by the Agent of its rights and remedies hereunder it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take, or insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Collateral or any part thereof prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of the Debtor acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Security Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted. Nothing in this Section 5.5 shall be deemed to abrogate or otherwise restrict the rights of the Debtor pursuant to Section 5.3 hereof.

5.6. Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold, shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns (subject, however, to the then existing rights, if any, of the Lessee under the Lease).

5.7. Application of Sale Proceeds. The proceeds and/or avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) First, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances, including reasonable legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party, and of all taxes, assessments or liens superior to the lien of these presents,

except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment to the Secured Party of the amount then owing or unpaid on the Notes for principal, premium, if any and interest, and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Notes, then ratably according to the aggregate of such principal and the accrued and unpaid interest and premium, if any, with application on each Note to be made, first, to the unpaid interest and premium, if any, thereon, and thereafter to the unpaid principal thereof; such application to be made upon presentation of the Notes, and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

(c) Third, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whosoever may be lawfully entitled to receive the same.

5.8. Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Debtor and the Secured Party shall be restored to their former position and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

5.9. Cumulative Remedies. No delay or omission of the Secured Party to exercise any right or power arising from any default on the part of the Debtor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing; nor shall the giving, taking or enforcement of any other or additional security, collateral or guarantee for the payment of the indebtedness hereby secured operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party or holder of any of the Notes be required to first look to, enforce or exhaust such other or additional security, collateral or guarantee.

SECTION 6. MISCELLANEOUS.

6.1. Successors and Assigns. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Security Agreement contained by or on behalf of the Debtor or by or on behalf of the Secured Party, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

6.2. Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision herein contained unenforceable or invalid.

6.3. Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or five (5) days following deposit in the United States mail (except that the notice required to be given pursuant to Section 5.3 hereto shall be deemed effective upon the Debtor's receipt thereof), certified, postage prepaid, addressed as follows:

If to the Debtor: Security Pacific Financial Leasing,
 Inc.
 Four Embarcadero Center, Suite 1200
 San Francisco, California 94111
 Attention: Lease Investments Dept.

If to the Secured
Party: Security Benefit Trust Company,
 as Agent
 700 Harrison Street
 Topeka, Kansas 66636
 Attention: Mr. Roger Viola,
 Secretary

If to any holder
of Registered
Notes: At its address for notices set
 forth in the Register

If to any holder
of Order Notes: At the last address of such holder
 of which the Debtor has knowledge

or to any such party at such other address as such party may designate by notice duly given in accordance with this Section to the other parties. Duplicate copies of all notices delivered to the Debtor or the Secured Party hereunder will be delivered to the Lessee at its address set forth in Section 8.2 of the Participation Agreement.

6.4. Amendments. This Security Agreement may, from time to time and at any time, be amended or supplemented by an instrument or instruments in writing executed by the parties hereto.

6.5. Release. The Secured Party shall release this Security Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness hereby secured has been fully paid or discharged in accordance with its terms.

6.6. Governing Law. This Security Agreement and the Notes shall be construed in accordance with and governed by the laws of the State of Illinois without regard to principles of conflict of laws, provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. Section 11303, as amended, and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Security Agreement shall be filed, recorded or deposited.

6.7. Counterparts. This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Security Agreement.

6.8. Headings. Any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

6.9. Effective Date. Although this Security Agreement is dated as of the date first above written for convenience, the actual dates of execution hereof by the Debtor and the Secured Party are respectively the dates set forth in the acknowledgments hereto, and this Security Agreement shall be effective on the latest of such dates.

6.10. Incorporation of Certain Provisions of Agency Agreement. The provisions of Sections 4 and 6 of the Agency Agreement are hereby incorporated by reference herein and made a part hereof as if such provisions were set forth herein in full.

6.11. Limitation of Liability. The Secured Party hereby acknowledges, consents to, agrees to be bound by, and agrees that it shall comply in all respects with, the terms and provisions of Section 6 of the Participation Agreement.

Schedule I

Description of Equipment

The items of railroad equipment described below:

One hundred (100) 100-ton 5,820 cubic foot capacity covered hopper railroad cars, bearing the road numbers set forth in Attachment 1 hereto and made a part hereof, for which the Lessee shall claim any Investment Tax Credit, ACRS Deductions as "five year recovery property" and Interest Deductions (as such capitalized terms are defined in the Lease) ("Lessee ITC Hopper Cars");

One hundred (100) 100-ton 5,820 cubic foot capacity covered hopper railroad cars, bearing the road numbers set forth in Attachment 1 hereto and made a part hereof, for which the Lessor shall claim any Investment Tax Credit, ACRS Deductions as "five-year recovery property" and Interest Deductions ("Lessor ITC Hopper Cars"); and

Sixteen (16) 20,514 gallon DOT111A100W3 exterior coiled and insulated railroad tank cars, bearing the road numbers set forth in Attachment 1 hereto and made a part hereof, for which the Lessor shall claim any Investment Tax Credit, ACRS Deductions as "ten-year recovery property" and Interest Deductions ("Tank Cars");

together with any and all additions, parts, attachments, improvements, accessions, substitutions and replacements to or for any of the above items of railroad equipment, and the proceeds thereof.

IN WITNESS WHEREOF, the Debtor and the Secured Party
have caused this Security Agreement to be executed, as of the day
and year first above written.

SECURITY PACIFIC FINANCIAL LEASING,
INC.

[CORPORATE SEAL]

By

David L. Smead
Its CONTRACT ADMINISTRATOR

ATTEST:

David L. Smead
Authorized Officer

SECURITY BENEFIT TRUST
COMPANY, as Agent

By

Its _____

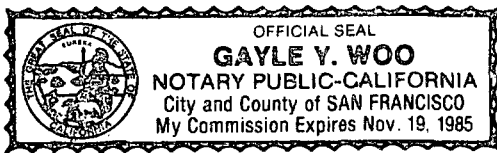
[CORPORATE SEAL]

ATTEST:

Authorized Officer

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN FRANCISCO)

On this 25th day of April, 1985, before me personally appeared Gail D. Smedal, to me personally known, who being by me duly sworn, says that she is the Contract Administrator of SECURITY PACIFIC FINANCIAL LEASING, INC., that one of the seals affixed to the foregoing instrument is the seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Gayle Y. Woo
Notary Public

(SEAL)

My commission expires: November 19, 1985

STATE OF KANSAS)
) SS
COUNTY OF _____)

On this _____ day of _____, 19__, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is the _____ of SECURITY BENEFIT TRUST COMPANY, acting not in its individual capacity but solely as agent pursuant to an Agency Agreement, dated as of April 1, 1985, among Security Benefit Trust Company and the principals named therein, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and by such principals; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation acting in such capacity.

Notary Public

(SEAL)

My commission expires:

IN WITNESS WHEREOF, the Debtor and the Secured Party
have caused this Security Agreement to be executed, as of the day
and year first above written.

SECURITY PACIFIC FINANCIAL LEASING,
INC.

[CORPORATE SEAL]

By

Its _____

ATTEST:

Authorized Officer


SECURITY BENEFIT TRUST
COMPANY, as Agent

By


Its Secretary _____

[CORPORATE SEAL]

ATTEST:


Authorized Officer

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN FRANCISCO)

On this _____ day of _____, 19__, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is the _____ of SECURITY PACIFIC FINANCIAL LEASING, INC., that one of the seals affixed to the foregoing instrument is the seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

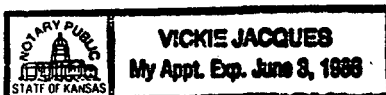
Notary Public

(SEAL)

My commission expires:

STATE OF KANSAS)
) SS
COUNTY OF SHAWNEE)

On this 25 day of April, 19⁸⁵, before me personally appeared Roger K. Viola, to me personally known, who being by me duly sworn, says that he is the Secretary of SECURITY BENEFIT TRUST COMPANY, acting not in its individual capacity but solely as agent pursuant to an Agency Agreement, dated as of April 1, 1985, among Security Benefit Trust Company and the principals named therein, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and by such principals; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation acting in such capacity.



(SEAL)

My commission expires:

Vickie Jacques
Notary Public

ATTACHMENT 1 to
Schedule I
to
Security Agreement

<u>Type of Equipment</u>	<u>Lessee Road Numbers</u>
Lessee ITC Hopper Cars	PLWX 44592-44640, inclusive PLWX 44641-44691, inclusive
Lessor ITC Hopper Cars	PLWX 44558-44591, inclusive PLWX 44692-44715, inclusive PLWX 44716-44757, inclusive
Tank Cars	PLWX 220354-220369, inclusive